



Fund Objective

The Fund aims to generate a return in excess of returns on investment in short term bank deposits. Moreover, the fund seeks maximum current income and price appreciation consistent with preservation of capital and low total return volatility.

Investment Strategy

The fund is a total return bond portfolio that primarily invests in debt issues of entities in GCC countries. Debt issues of entities incorporated outside GCC countries may be included on opportunistic basis.

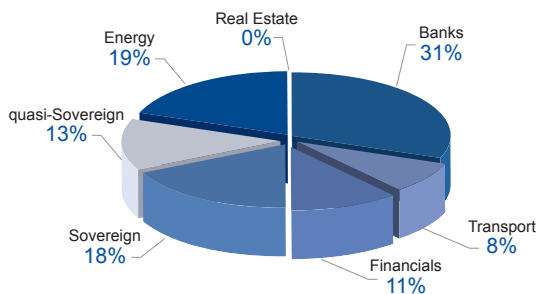
All sectors of the bond market will be utilized to add value including:

- Debt instruments issued by governments and government agencies
- Debt instruments issued by corporates and financial institutions
- Asset backed securities
- Shari'ah compliant debt and money market instruments
- Conventional money market instruments
- The fund may also invest in third party funds or structured instruments and vehicles

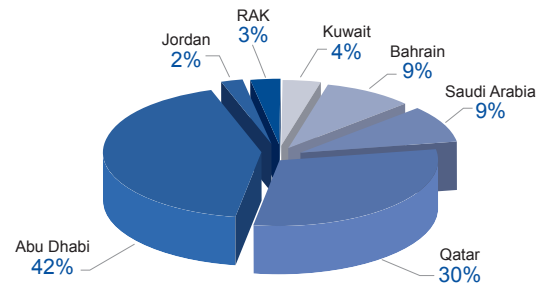
Key Facts

Funds Name	: Gulf Bonds Fund
Fund Manager	: Gulf Investment Corporation
Inception Date	: May 2005
Initial Subscription	: US\$ 100,000
Subsequent Subscription & Redemptions	: US\$10,000
Subscriptions & Redemptions	: Weekly
Fund's Custodian	: Gulf Clearing Company & HSBC Bank
Auditor	: Ernst & Young, Kingdom of Bahrain
Management Fees	: 0.375% of NAV
Application Laws	: Kingdom of Bahrain

Sector Breakdown



Country Breakdown

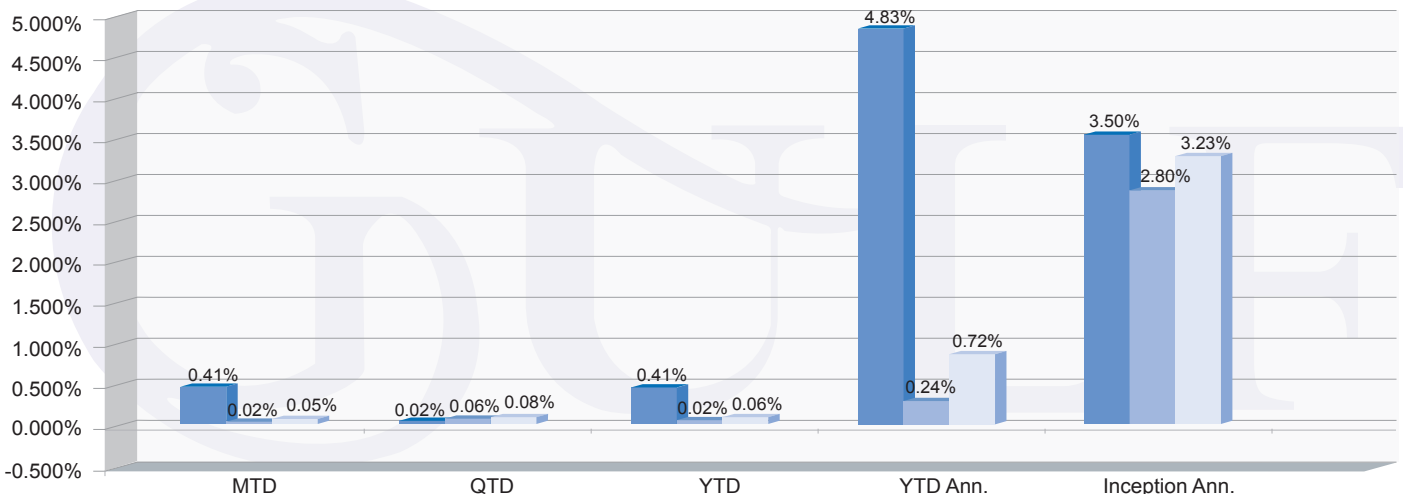


Performance - Net Asset Value

Fund & Benchmarks Performance

As of 31st January 2011

Fund Returns are based on the NAV prices.



GIC Gulf Bond Fund Net Asset Value as of January 31st, 2011 is \$134,894,073.68 - \$12.3598 NAV/unit.

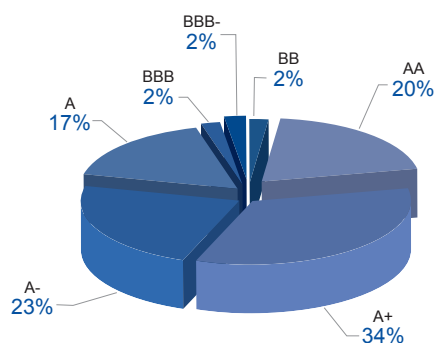
■ GIC - GAV / unit Performance
■ Benchmark - USD 3 Months LIMID
■ Benchmark - USD 12 Months LIMID

Monthly Performance

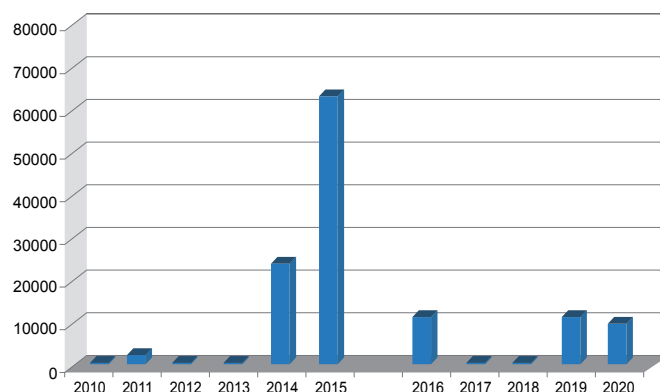
Annualized rate of return : **3.50%**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2005			0.03	0.24	0.63	0.25	0.31	0.22	0.48	0.31	0.41	0.34	3.27
2006	0.44	0.39	0.42	0.45	0.45	0.59	0.32	0.34	0.48	0.59	0.54	0.40	5.55
2007	0.58	0.46	0.47	0.48	0.53	0.46	0.40	0.21	0.37	0.41	0.32	0.46	5.26
2008	0.28	-1.12	-0.21	0.45	0.57	-0.55	0.65	0.01	-0.47	-0.44	-1.65	-1.43	-3.87
2009	-2.48	-2.70	0.71	1.69	1.25	2.97	0.41	0.85	1.54	1.21	-1.35	-0.55	3.44
2010	0.44	0.15	1.44	0.77	0.06	0.43	1.60	1.22	0.89	0.34	-0.64	0.21	7.12
2011	0.41												0.41

Rating Profile



Maturity Profile



GCC Outlook

- Regional credit markets started the first few weeks of 2011 on a positive note with HSBC/NASDAQ Dubai GCC Bonds Index contracting by 56bps from its December highs, as GCC issues witnessed significant international cash flows on the back improved risk appetite resulting from global economic recovery.
- In the meanwhile, Regional real money returned to the market after a period of silence during the last weeks of 2010 further supporting regional credit.
- Furthermore, regional banks who used to allocate a portion of its funds to bonds through treasury operations have been increasing its exposure gradually and establishing dedicated credit desks in an attempt to compensate for decline in interest rate spread resulting from negative growth in their loan books. Adding more steam to local credit markets.
- Markets, however, faced their first shock of the year on the back of the situation in Tunisia which had more affect on Jordanian, Egyptian, Moroccan, and of course Tunisian papers than on GCC names which held their grounds.
- January's turning point was January 25, when Egyptians went to the streets demanding the removal of President Mubarak's regime.
- As things escalated in Cairo and rest of the country markets started to panic, Egypt CDS's reached unprecedented levels with investors trying to hedge their positions, while cash prices witnessed significant pressure.
- As a consequence, regional Markets suffered from considerable volatility driving HSBC Index to widen by 20bps during the last week of January.

GCC papers remain less affected than rest of MENA, however, ended the month on a low note.